

**REDUCING THE FEDERAL DEFICIT:
STRATEGIES AND OPTIONS**

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Congressional Budget Office**

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NOTES

Unless otherwise indicated, all years referred to in this report are fiscal years. Likewise, unless otherwise noted, all dollar amounts are expressed in current dollars.

Details in the text and tables of this report may not add to totals because of rounding.

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) is referred to frequently in the text as the 1981 reconciliation act. Similarly, the Economic Recovery Tax Act (ERTA) of 1981 (Public Law 97-34) is occasionally referred to as the 1981 tax act.

PREFACE

The Congressional Budget Office (CBO) is required by section 202(f) of the Congressional Budget Act of 1974 to submit an annual report on budgetary options to the House and Senate Committees on the Budget. This year, the report is in three parts, with this report constituting Part III. Part I is entitled The Prospects for Economic Recovery; Part II is Baseline Budget Projections for Fiscal Years 1983-1987. As background information for the Congressional debate on the fiscal year 1983 budget, this report discusses alternative broad strategies for reducing the federal deficit and analyzes various specific options for cutting budget outlays and raising revenues over the 1983-1987 period. The inclusion of an option in this report, or its omission, does not imply a recommendation by CBO. In accordance with CBO's mandate to provide objective and impartial analysis, this report contains no recommendations.

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Director

February 1982

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